

COMMITTEE ON LEGISLATIVE RESEARCH
OVERSIGHT DIVISION

FISCAL NOTE

L.R. No.: 0353-01
Bill No.: HB 106
Subject: Licenses-Motor Vehicle; Motor Vehicles, Revenue Dept.
Type: Original
Date: February 4, 2003

FISCAL SUMMARY

ESTIMATED NET EFFECT ON GENERAL REVENUE FUND			
FUND AFFECTED	FY 2004	FY 2005	FY 2006
Total Estimated Net Effect on General Revenue Fund*	(Unknown)	(Unknown)	(Unknown)

*Unknown for GR and various other state and local funds in total could exceed \$100,000

ESTIMATED NET EFFECT ON OTHER STATE FUNDS			
FUND AFFECTED	FY 2004	FY 2005	FY 2006
State School Money	\$0	\$0	\$0
Various*	(Unknown)	(Unknown)	(Unknown)
Highway Fund	\$1,268,892	\$1,320,197	\$1,332,804
Total Estimated Net Effect on <u>Other</u> State Funds	(Unknown) to \$1,268,892	(Unknown) to \$1,320,197	(Unknown) to \$1,332,804

*Unknown for GR and various other state and local funds in total could exceed \$100,000

Numbers within parentheses: () indicate costs or losses.
This fiscal note contains 8 pages.

ESTIMATED NET EFFECT ON FEDERAL FUNDS			
FUND AFFECTED	FY 2004	FY 2005	FY 2006
Total Estimated Net Effect on <u>All</u> Federal Funds	\$0	\$0	\$0

ESTIMATED NET EFFECT ON LOCAL FUNDS			
FUND AFFECTED	FY 2004	FY 2005	FY 2006
Local Government*	(Unknown)	(Unknown)	(Unknown)

*Unknown for GR and various other state and local funds in total could exceed \$100,000

FISCAL ANALYSIS

ASSUMPTION

Officials with the **Department of Transportation** and **Department of Public Safety-Highway Patrol** assume this proposal would have no fiscal impact on their agencies.

Officials with the **Department of Revenue (DOR)** assume this proposal could have fiscal impact on their organization. The **DOR- Division of Motor Vehicle and Driver Licensing (DMV)** assume this proposal could require them to issue one license plate and tab when an individual registers a motor vehicle. Therefore, DOR assumes they would only have to purchase one set of plates from **Department of Corrections (DOC)** and this would be a cost savings of half the normal plates and tabs currently purchased. DOC assumes that if a smaller number of plates and tabs were ordered then the price of each license plate and tab would increase. This change in price is due to fixed costs.

For FY 02, DOR ordered 1,087,250 (96%embossed and 4% flat) sets of license plates at \$1.26 per embossed plate and \$4.25 per flat plate. DOR also purchased 1,203,600 sets of month tabs and 4,820,200 sets of year tabs for FY02. Any potential assumed savings are decreased to incorporate a price increase of \$.41 per embossed plate, \$1.00 per flat plate and \$.35 for tabs. A 1% growth rate is also included in the estimation.

ASSUMPTION (continued)

FY 04 -Cost Saving

1,054,198 embossed plates x \$.85	\$896,068
43,925 flat plates x \$3.25	\$142,756
1,215,636 month tabs x \$.03	\$36,469
4,868,402 year tabs x \$.0475	<u>\$231,249</u>
Total	\$1,306,542

FY05 - Cost Saving

1,109,104 (1%) embossed plates x \$.85	\$942,738
44,364 (1%)flat plates x \$3.25	\$144,184
1,227,792 (1%) month tab x \$.03	\$36,834
4,917,086 (1%) year tab x \$.0475	<u>\$233,562</u>
Total	\$1,357,318

FY06- Cost Saving

1,075,387 (1%) embossed plates x \$.85	\$914,079
44,808 (1%) flat plates x \$3.25	\$145,626
1,240,070 (1%) month tab x \$.03	\$37,202
4,966,257 (1%) year tab x \$.0475	<u>\$235,897</u>
Total	\$1,332,804

For purposes of this fiscal note, DOR assumes the current duplicate plates would be surrendered. If the department does not require the other license plate to be surrendered then the plate not surrendered indicates (for at least a six month period) that it is valid and could be utilized on other vehicles that have not been properly registered.

DOR further assumes the cost of implementing this proposal could include 2,500,000 informational flyers per year for FY 04 and FY 05, to be enclosed with the renewal forms. These flyers would inform the applicant that only one plate and one tab is required and that one plate must be surrendered at the time of the renewal. DOR could also incur cost for forms, envelopes and postage to mail procedure changes to the field and reject letters to Missouri citizens.

ASSUMPTION (continued)

DOR-DVSB assumes they could need one Office Support Assistant to keyboard 100% for two years to process the rejects this proposal could generate, i.e., mail-in renewal applicants would not surrendered one license or provide an affidavit at the time of renewal registration through the mail-in renewal process. The DVSB could also incur equipment and expenses associated with this FTE.

Oversight notes that according to DOR, approximately 6% of the license renewals occur via mail in renewal. Of these 6%, only half are expected to be rejected because of failure to enclose the extra plate. Therefore, **Oversight** assumes DOR can handle these rejection letters with existing staff.

DOR-Customer Assistance Bureau (CAB) assume that approximately 100,000 applicants in the branch offices would not have one plate with them at the time of the renewal transaction and would either need to return to their car or complete an affidavit. This could result in increased transaction time per customer. It is estimated it could take an additional one (1) minute of processing time to explain the affidavit, have the applicant sign and have the signature notarized. The CAB could require one Revenue Licensing Technician 100% for two years to ensure service to Missouri citizens. The CAB could also incur equipment and expenses associated with this FTE

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Oversight assumes DOR-CAB could assist customers accordingly without an additional FTE.

FY 04- Cost

Renewal flyers	\$25,000
Procedures and Mailings	<u>\$12,650</u>
Total	\$37,650

FY 05 Cost

Renewal Flyers	\$25,000
Procedures and Mailings	<u>\$12,121</u>
Total	\$37,121

ASSUMPTION (continued)

Oversight notes that officials with the Department of Public Safety-Highway Patrol have expressed concern over identification of vehicles from the front angle. The possible decrease in identification is due to no visible front plate and could have a negative impact on the number of fines collected for speeding tickets, failing to yield to a stop light, petroleum station drive-offs and DUI's. The extent of this impact is unknown. However, CTS note that the Fine Collection Center disposed of 104,072 traffic cases in FY 2002. These do not include all traffic offenses or vehicle related offenses in the state. Furthermore, it is not clear how many of these offenses were caught due to a visible front plate. The distribution of the fine moneys collected by the courts vary widely on the infraction, jurisdiction and type of case. Some of the local funds affected could be the School Districts, Sheriffs Retirement Fund and Law Enforcement Training Fund. The more serious infractions such as DUI and petroleum station drive offs have fine distributions split between local funds and state funds such as Court Automation Fund, POST surcharge and Motorcycle Safety Trust Fund fees. **Oversight** assumes that the amount of fine collections lost because of identification problems is unknown but the negative impact on all fund disbursements could be greater than \$100,000.

<u>FISCAL IMPACT - State Government</u>	FY 2004 (10 Mo.)	FY 2005	FY 2006
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GENERAL REVENUE

<u>Cost</u>			
Increase distribution to State School Fund*	(Unknown)	(Unknown)	(Unknown)

ESTIMATED EFFECT ON

GENERAL REVENUE	<u>(Unknown)</u>	<u>(Unknown)</u>	<u>(Unknown)</u>
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*Unknown for GR and various other state funds in total could exceed \$100,000

VARIOUS STATE FUNDS

<u>Income (Loss)</u>			
Reduction in fine distribution*	(Unknown)	(Unknown)	(Unknown)

**ESTIMATED EFFECT ON VARIOUS
 STATE FUNDS**

(Unknown)

(Unknown)

(Unknown)

*Unknown for GR and various other state funds in total could exceed \$100,000

FISCAL IMPACT - State Government

FY 2004
 (10 Mo.)

FY 2005

FY 2006

STATE SCHOOL FUND

Income

Increase distribution from GR

Unknown

Unknown

Unknown

Cost

Increase distribution to Local School
 Districts

(Unknown)

(Unknown)

(Unknown)

**NET ESTIMATED EFFECT ON
 STATE SCHOOL MONEY FUND**

\$0

\$0

\$0

HIGHWAY FUND

Cost Savings-Department of Revenue

Decrease in number of plates and tags

\$1,306,542

\$1,357,318

\$1,332,804

Cost-Department of Revenue

Procedure, Form and mailing

(\$37,650)

(\$37,121)

\$0

**NET ESTIMATED EFFECT ON
 HIGHWAY FUND**

\$1,268,892

\$1,320,197

\$1,332,804

FISCAL IMPACT - Local Government

FY 2004
 (10 Mo.)

FY 2005

FY 2006

SCHOOL DISTRICTS

Income (Loss)

Increase distribution from State School
 Money Fund

Unknown

Unknown

Unknown

Reduction in fines collected	<u>(Unknown)</u>	<u>(Unknown)</u>	<u>(Unknown)</u>
ESTIMATED NET EFFECT ON SCHOOL DISTRICTS	<u>\$0</u>	<u>\$0</u>	<u>\$0</u>
<u>FISCAL IMPACT - Local Government</u>	FY 2004 (10 Mo.)	FY 2005	FY 2006
VARIOUS LOCAL FUNDS			
<u>Income (Loss)</u>			
Reduction in fines collected	<u>(Unknown)</u>	<u>(Unknown)</u>	<u>(Unknown)</u>
NET ESTIMATED EFFECT ON VARIOUS LOCAL FUNDS*	<u>(Unknown)</u>	<u>(Unknown)</u>	<u>(Unknown)</u>

*Unknown for GR and various other state and local funds in total could exceed \$100,000

FISCAL IMPACT - Small Business

There could be fiscal impact to small business as a result of this proposal. Gas station attendants could be less likely to identify a drive off perpetrator with only one license plate on a vehicle. The production of fewer plates would not impact businesses within the state of Missouri.

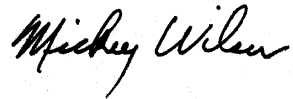
DESCRIPTION

This proposal could require DOR to only issue one license plate per vehicle rather than two. The plate would be required to be on the rear of vehicles, other than trucks, tractors, truck tractors or truck tractors licensed in excess of twelve thousand pounds, which will be required to have the plate on the front. It could also require the director to issue a tab annually as evidence of payment of registration fees and current registration.

This legislation is not federally mandated, would not duplicate any other program and would not require additional capital improvements or rental space.

SOURCES OF INFORMATION

Department of Revenue
Department of Public Safety
 Highway Patrol
Department of Transportation
Department of Corrections

A handwritten signature in black ink that reads "Mickey Wilson". The signature is written in a cursive, flowing style.

Mickey Wilson, CPA
Director
February 4, 2003